



INTERNATIONAL
TRADE
ADMINISTRATION

Investⁱⁿ
America

Promoting Foreign Direct Investment

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FDI in the U.S. Economy

5.6 million

Workers Employed by U.S. Affiliates of Foreign Firms in the U.S. in 2008

\$40 billion

Amount U.S. Affiliates of Foreign Firms spent on R&D in the U.S. in 2008

\$55 billion

Amount U.S. Affiliates of Foreign Firms Reinvested into the U.S. Economy in 2008

\$190 billion

Size of FDI Flows into the U.S. in 2010

\$408 billion

Amount of Wages Paid to Employees of U.S. Affiliates of Foreign Firms in 2008

30 percent

U.S. Affiliates of Foreign Firms Pay on Average 25 percent Higher Wages and Salaries than U.S. Establishments

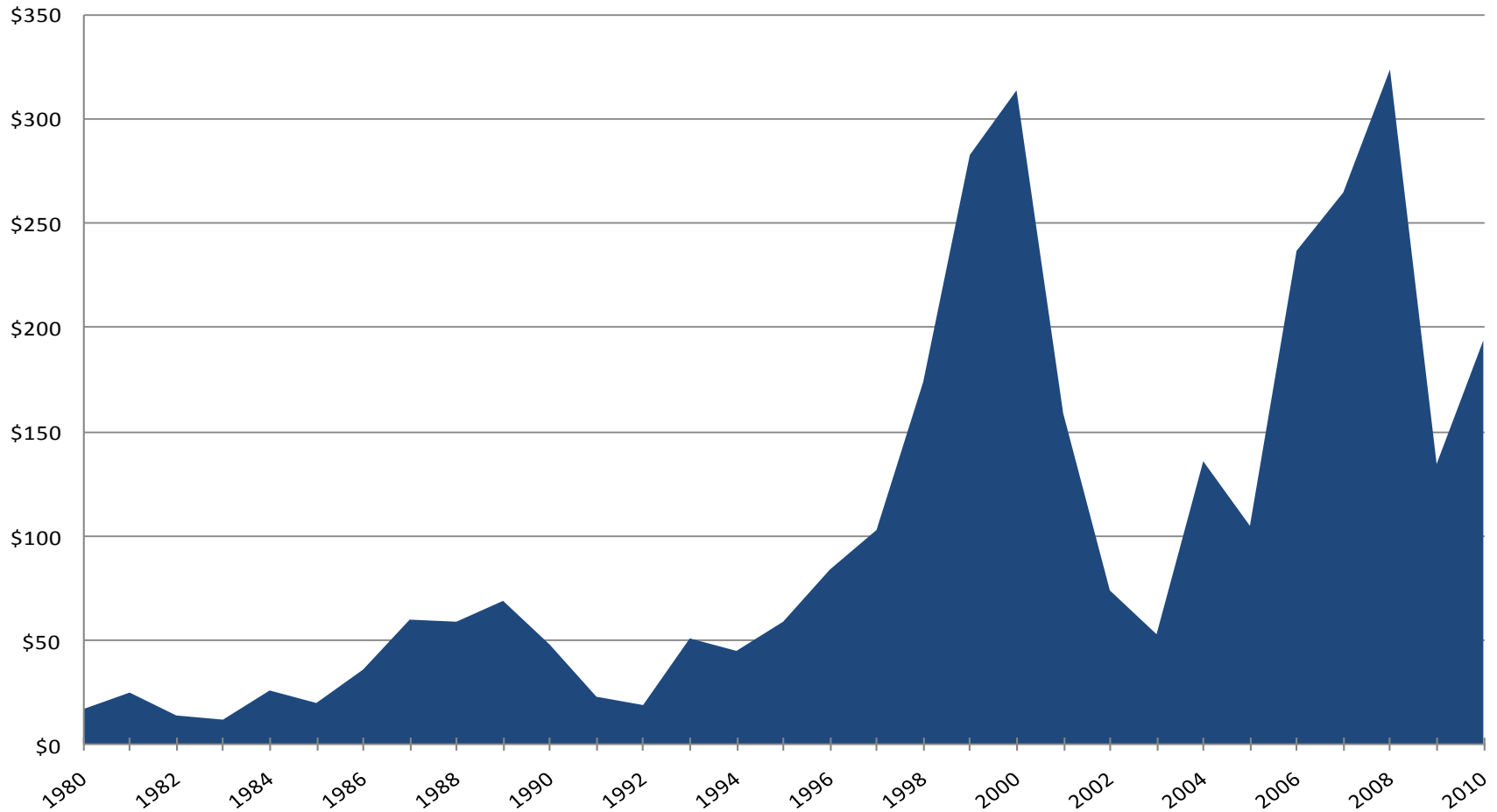
18 percent

U.S. Affiliates of Foreign Firms Generate over 18 percent of all U.S. Exports

U.S. FDI Trends

Foreign Direct Investment in the U.S.

(Billions of dollars; Without current-cost adjustment)

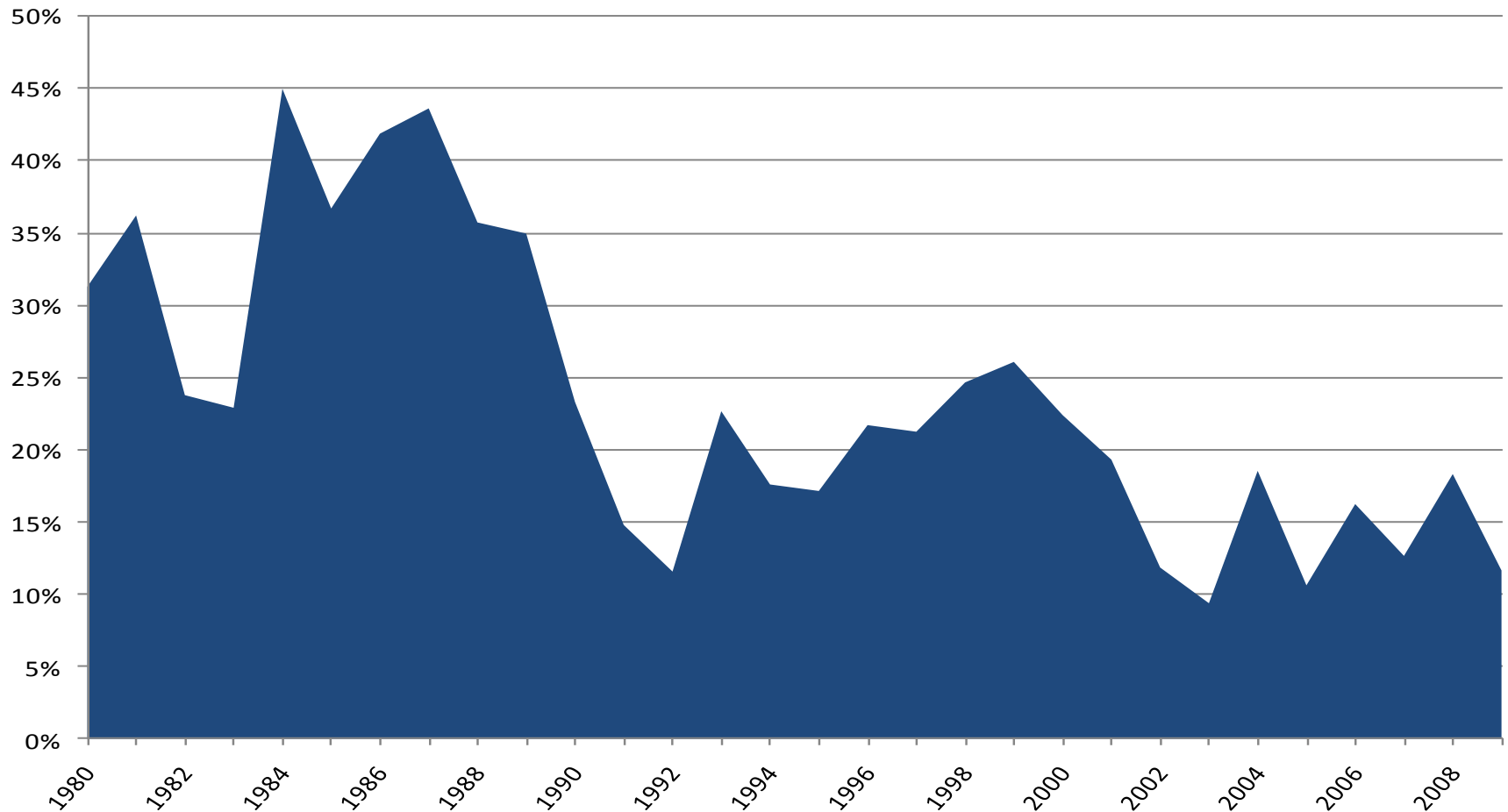


Source: U.S. Department of Commerce, Bureau of Economic Analysis

*2010 preliminary

U.S. FDI Trends

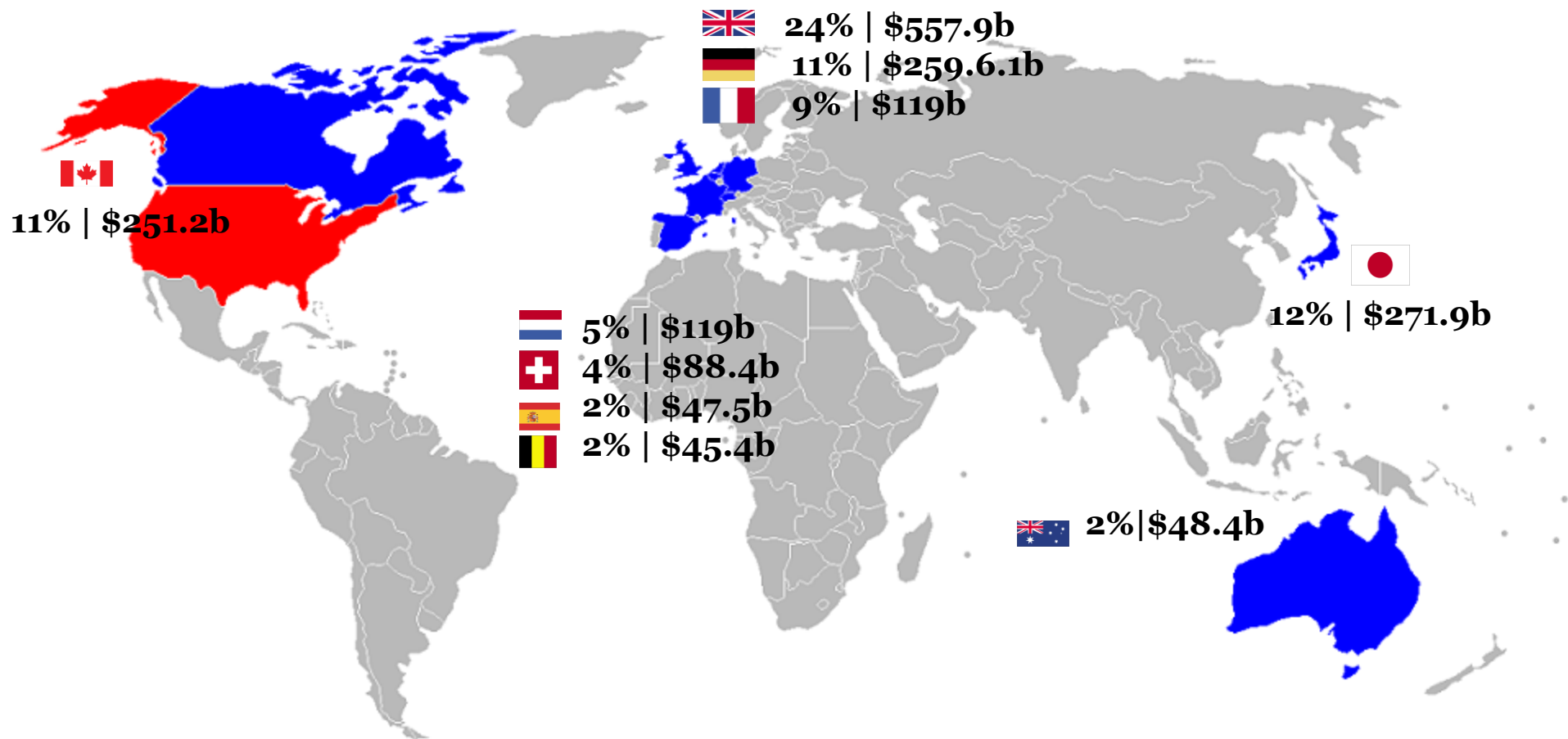
Share of Global FDI Flows Captured by the United States



Source: UNCTAD FDI Database

U.S. FDI Trends

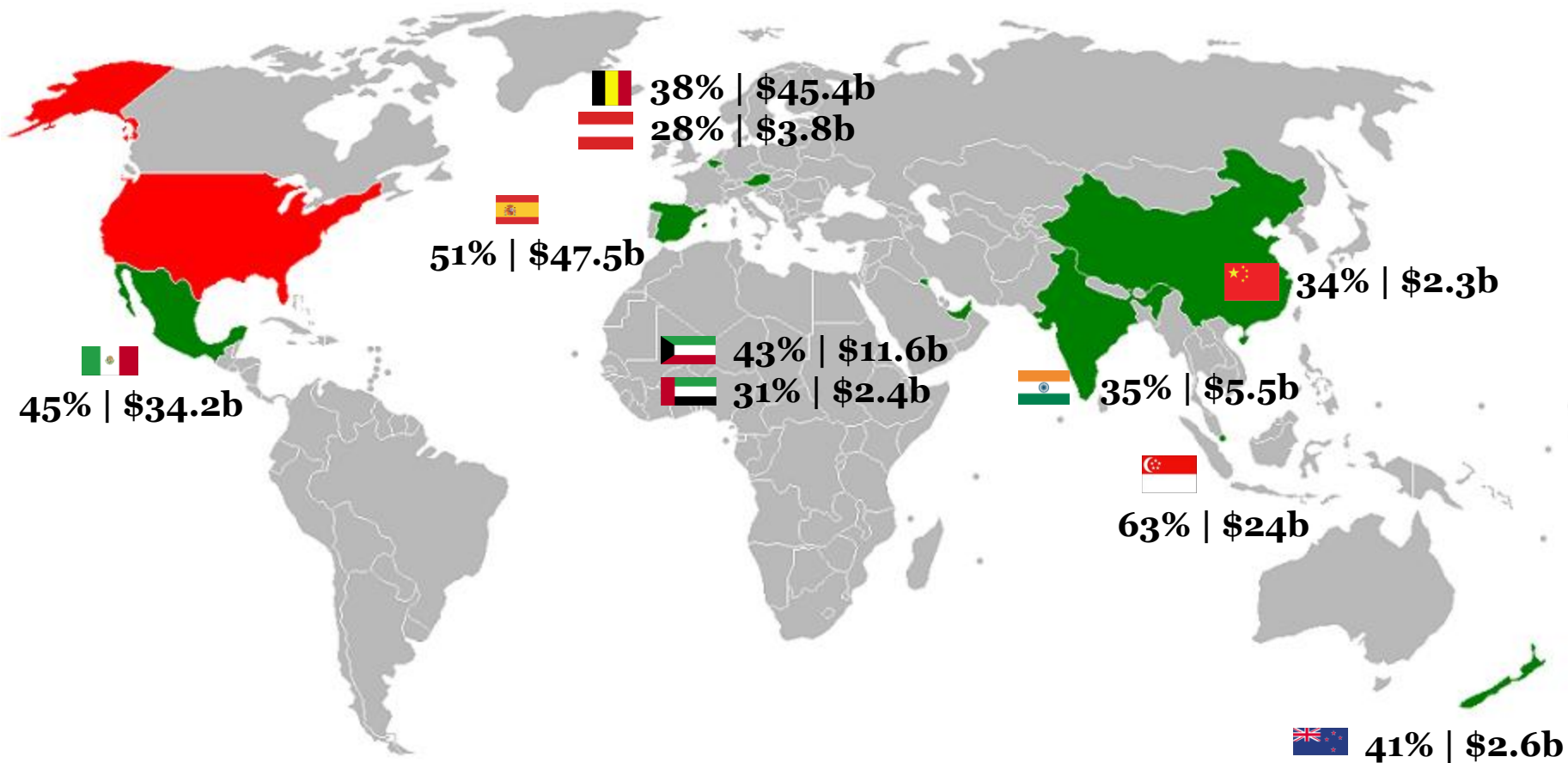
Top 10 FDI Positions, 2009



Source: Department of Commerce, Bureau of Economic Analysis – FDI by Ultimate Beneficiary Owner

U.S. FDI Trends

Top 10 FDI Growth Markets, 2009

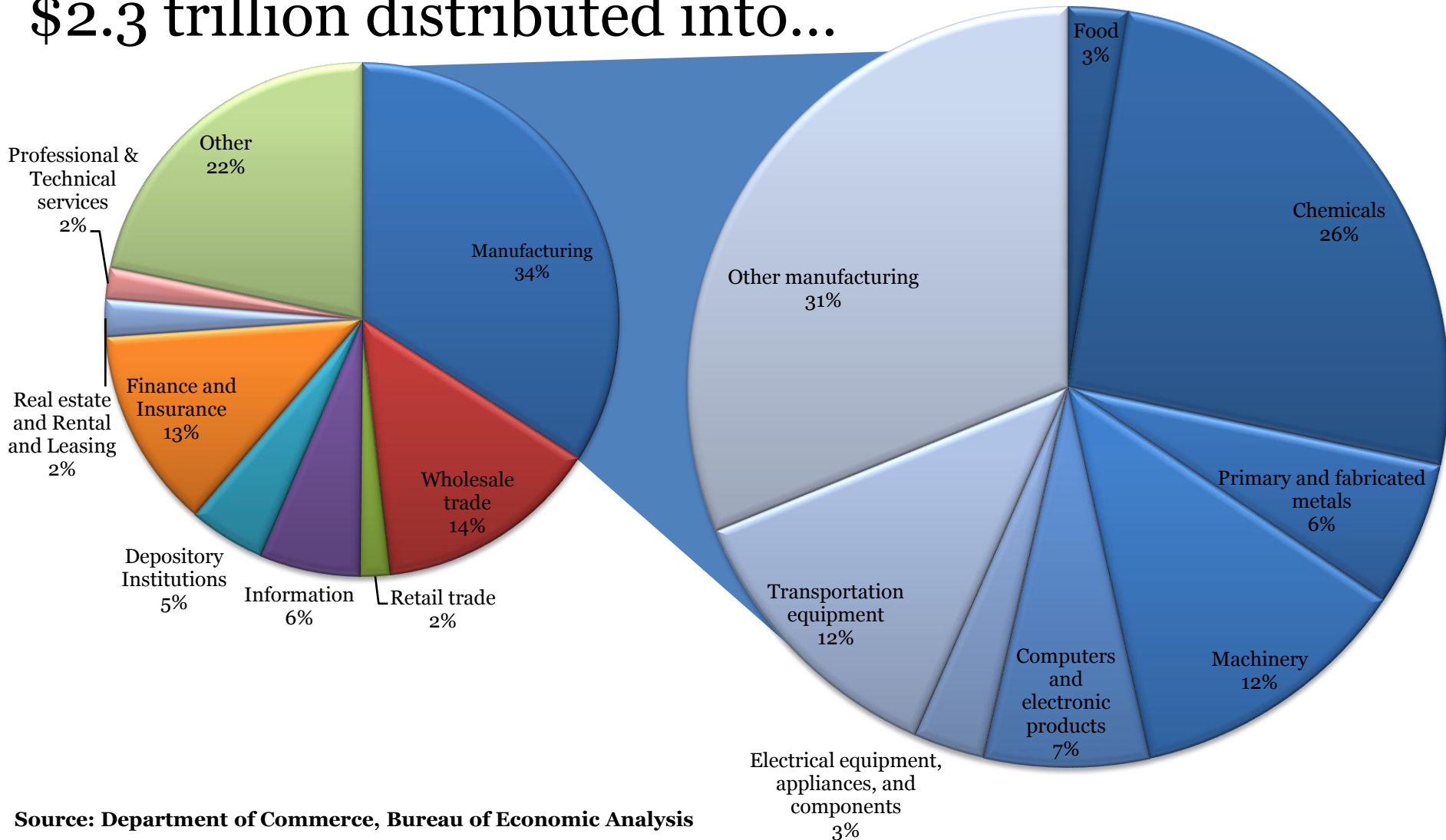


Source: Department of Commerce, Bureau of Economic Analysis – FDI by Ultimate Beneficiary Owner

Note: Numbers denote 5 year compound annual growth rate and total investment position in United States

Total FDI Stock in U.S. by Industry, 2009

\$2.3 trillion distributed into...

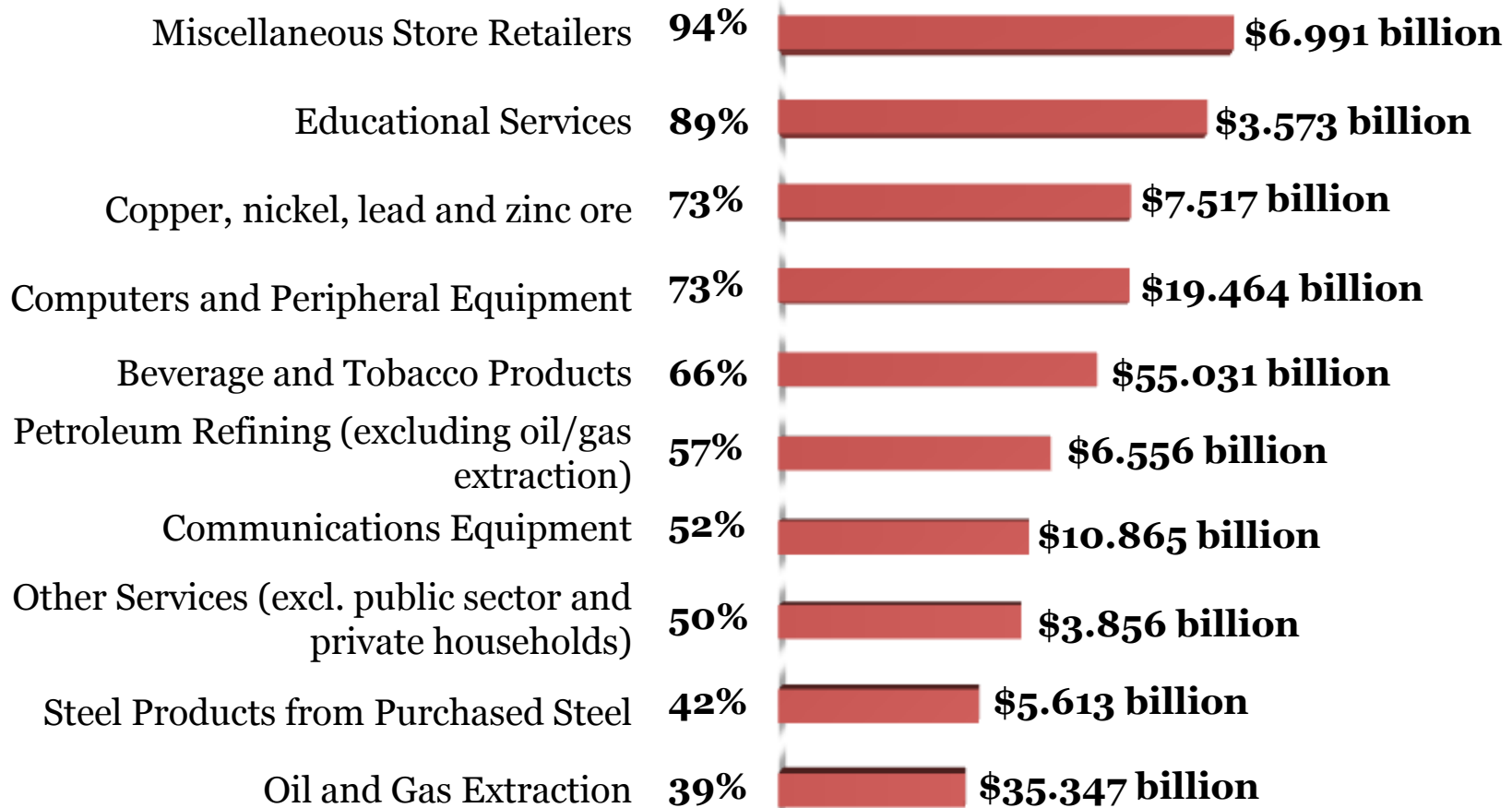


Source: Department of Commerce, Bureau of Economic Analysis

FDI in the U.S. – Industry Perspective

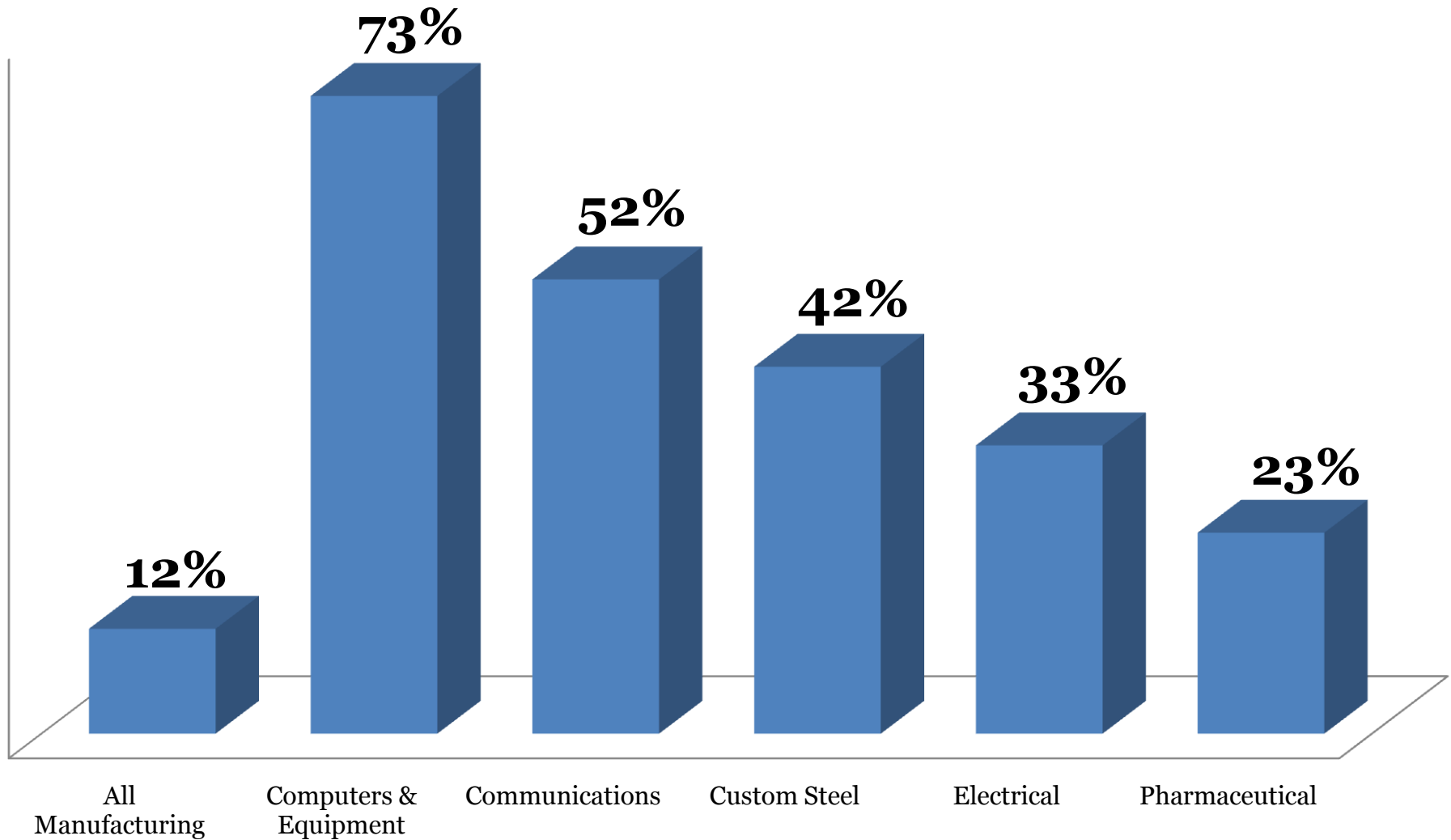
Top 10 FDI Growth Sectors in the United States

(Compound annual growth rate in FDI position between 2005 and 2009 and dollars in 2009 on a historical cost basis)



Source: Bureau of Economic Analysis

Fastest Growing FDI Manufacturing Sectors



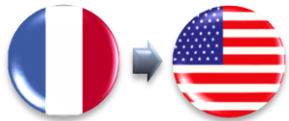
Source: Bureau of Economic Analysis

FDI in U.S. Growth Sectors

Greenfield Announcements:



March 2011: Gerdau Ameristeel, a subsidiary of the steel producer Gerdau, opened a new steel manufacturing facility in Navasota, **Texas**. This \$5.3 million dollar facility currently employs 15. The company plans to increase the employment to 30 when the plant reaches full capacity



March 2011: Sephora, a beauty retailer and a subsidiary of LVMH, Sephora, announced plans to open a new store in Cape Girardeau, **Missouri**. The store is planned to open in April, 2011 and is expected to employ eight staff.



February 2011 – Mitsubishi announced that it will build a \$200 million, 350,000-square-foot facility in Memphis, **Tennessee** to serve as the headquarters of the company's heavy electrical equipment production in North America.



December 2010: Red Bull, the Austrian producer of energy drinks, announced plans to expand its distribution center in West Chester, **Ohio**. This \$13.9 million dollar expansion is expected to employ 81 additional workers.



November 2010: Enstor, a subsidiary of the Spanish firm Iberdrola expanded its gas storage capacity at its facility in Caledonia, **Mississippi**. The \$703 million dollar expansion is expected to employ 133 additional workers.

Why Firms Go Global

Firms choose to invest abroad for reasons including:



- Access to new markets
- Input advantages such as labor, technology, or natural resources
- Access to host country benefits such as technology spillover or treatment as a domestic company
- Brand acquisition
- Export promotion support

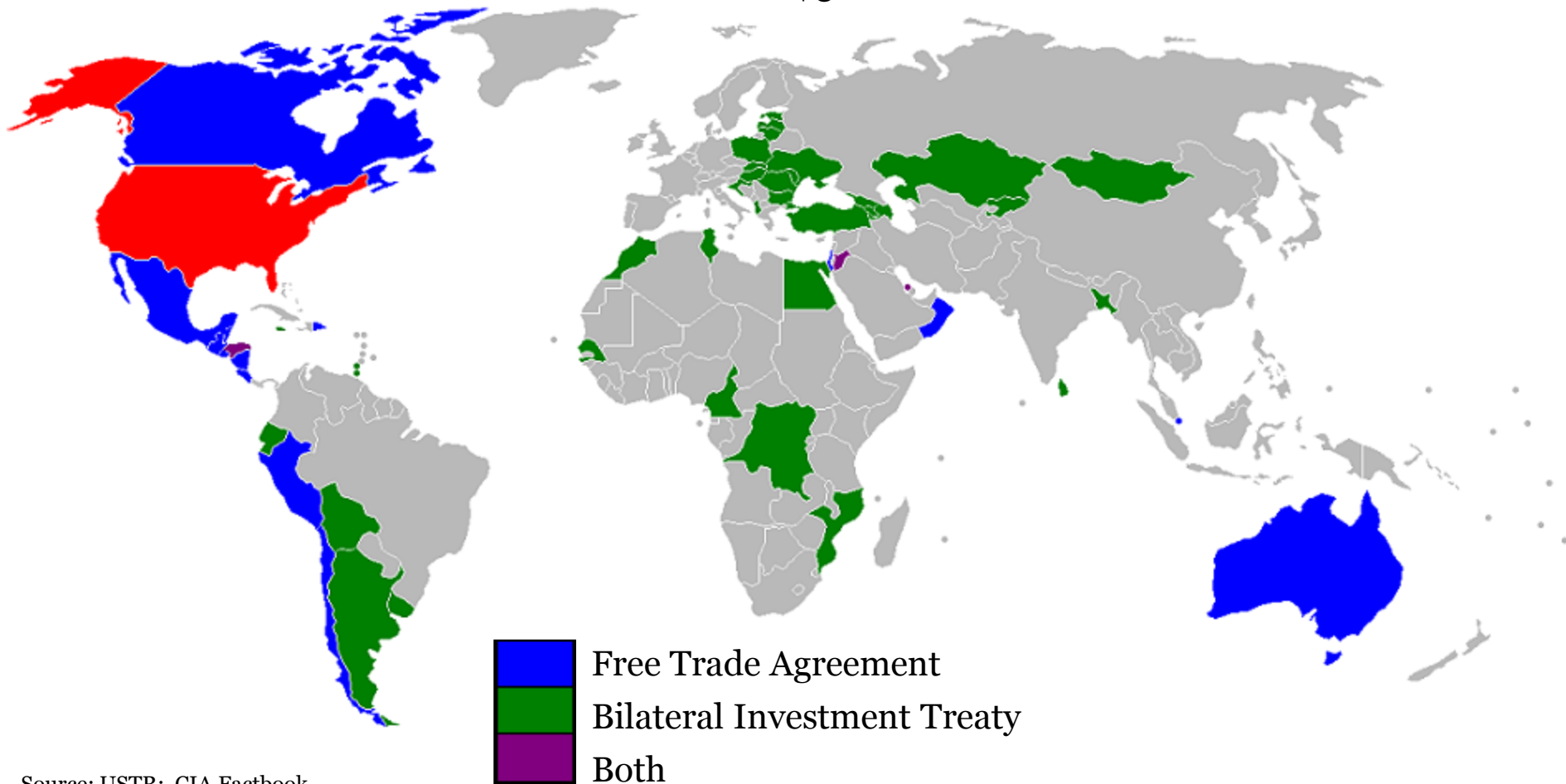
Source: Dunning, John. "Explaining Changing Patterns of International Production: In Defence of the Eclectic Theory." Oxford Bulletin of Economics and Statistics, November 1979, vol. 41, issue 4, pp. 269-95.

The U.S. – A Great Return on Investment

- Strategic Market & FTAs
- Center for Global Innovation and Entrepreneurship
- Strong Intellectual Property Right Protections
- A Leader in Higher Education
- Productive Workforce
- Open to People, Cultures, and Ideas

Strategic Market & FTAs

The United States has Implemented or Entered into Force 14 Free Trade Agreements – With a Combined Population of Over 560 Million Consumers and a Combined GDP of \$5 Trillion Dollars



Source: USTR; CIA Factbook

An Attractive Business Climate

#1 IESE Business School's 2009-2010
Venture Capital and Private Equity Index
France: #14 Germany: #10 UK: #2

#2 AT Kearney's 2010 FDI Confidence Index
France: # 13 Germany: #5 UK: #10

#4 World Economic Forum's 2010-2011
Global Competitiveness rankings
France: #15 Germany: #5 UK: #12

#5 World Bank 2010 Ease of Doing Business
Report
France: #26 Germany: #22 UK: #4

Center for Global Innovation and Entrepreneurship

#1

World Economic Forum's 2010-2011 Global Competitiveness rankings for Innovation

8

The U.S. is Home to Eight of the Top Ten “Knowledge Economy” Regions of the World

22

Among *Business Week*'s Top 50 Information Technology companies, 22 are U.S. firms

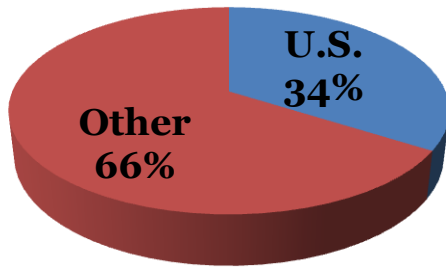
558,000

In 2009, an average of 558,000 new businesses were created in the U.S. per month



Sources: World Economic Forum; World Knowledge Competitiveness Index 2008 (Centre for International Competitiveness); National Science Foundation Science and Engineering Indicators 2010; Kauffman Index of Entrepreneurial Activity 1996-2009;

World Leader in Research & Development



In 2010, 34% of all R&D in the world took place in the United States



Almost 50% of all researchers in the developed world work in the U.S.



Approximately 45% of Nobel prize winners in the fields of Chemistry, Medicine, and Physics completed their winning research in the U.S.

Sources: OECD, www.nobelprize.org

Strong Intellectual Property Right Protections

#3

The International Property Rights Index's 2011 comparison of Intellectual Property Rights Protections (Behind Finland and Sweden)



Of the more than 244,000 patents granted by the U.S. Patent Office in 2010, over 50 percent were granted for residents of foreign countries.



The U.S. received more patent applications than any other country.

Source: USPTO

A Leader in Higher Education

The United States continues to host more international students than any other country in the world



2/3

Of postgraduates who study abroad, choose America

75%

Of the top twenty universities in the world, fifteen are in the United States, according to the *Times Higher Education Supplement*.

4,352

Universities and colleges in the United States

691,000

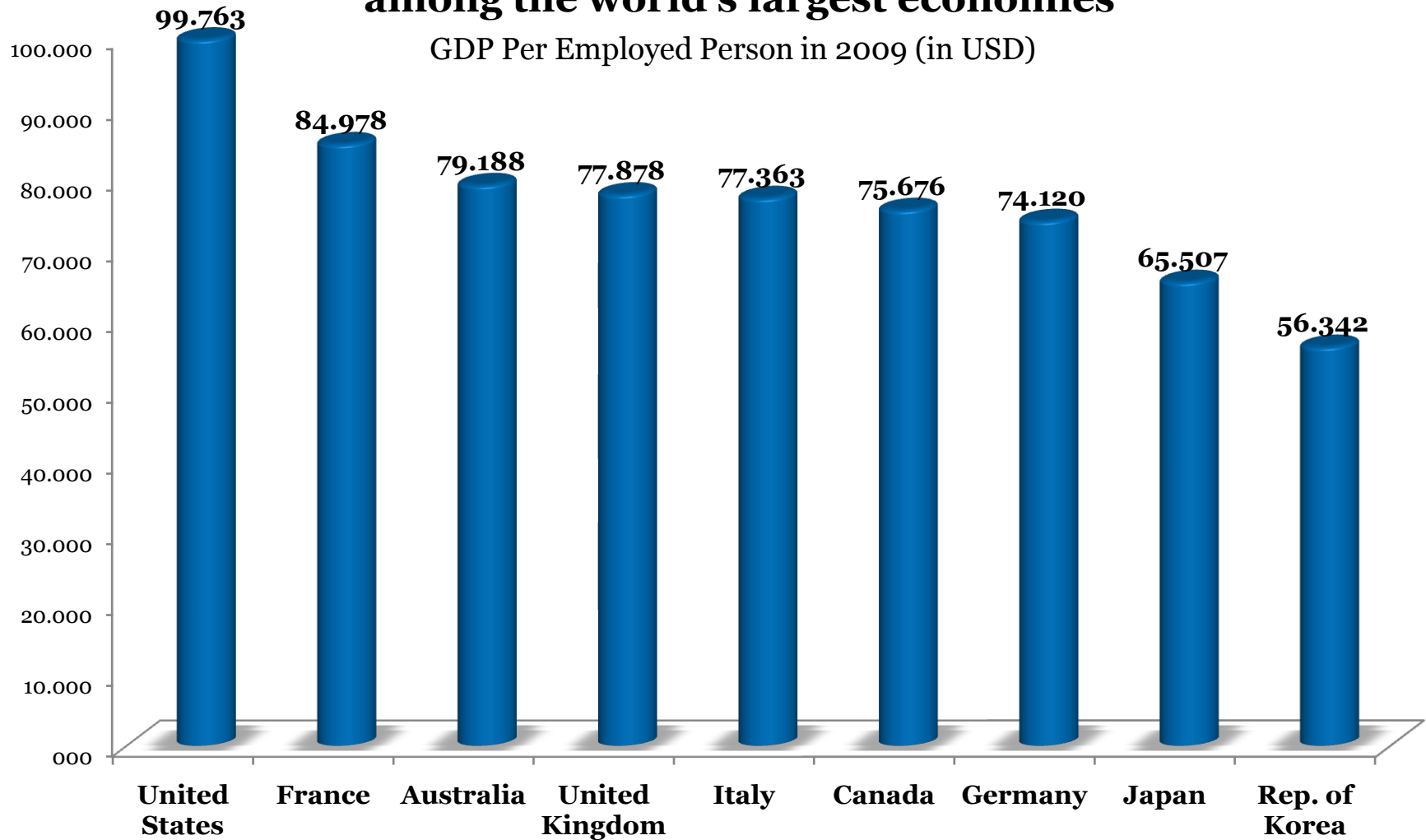
International students were enrolled in American institutions in the 2009-2010 academic year.

Sources: US Census, Institute for International Education, Times Higher Education Supplement, The Economist

Productive Workforce

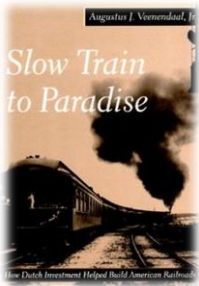
**The United States has the most productive workforce
among the world's largest economies**

GDP Per Employed Person in 2009 (in USD)



Open to Cultures and Ideas

The United States has a long history of affording all foreign investors fair and equitable treatment.



It was Dutch investors who helped provide much of the money to build our railroads in the 1800s.



It was a German fur trader who became America's first multimillionaire.



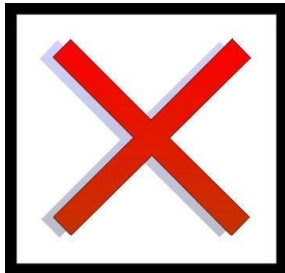
U.S. has more Irish than Ireland, Filipinos than Manila, Chinese than Hangzhou* and Poles than Warsaw



Source: U.S. Census Bureau,
*Hangzhou city proper

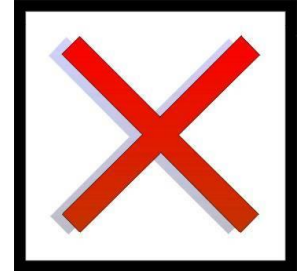
Investment Policy Issues

Myths and Facts About the U.S. Market



Myths About the U.S. Market

Myth: *Patent infractions* in the U.S. make it difficult for firms to profit from their intellectual property



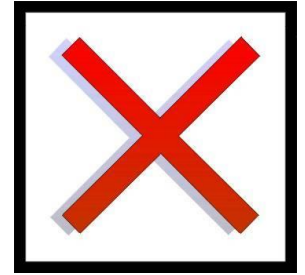
Facts:

- Protections for patents and trade secrets in the U.S. are among the strongest in the world
- 34% of global R&D spending is done in the U.S. because of strong intellectual property rights protections
- U.S. court system treats foreign and domestic firms that hold U.S. patents equally
- In 2010, over half of patents in the U.S. were issued to foreign firms



Myths About the U.S. Market

Myth: It is both difficult and time-consuming for international investors to get the **visas** they need to administer an investment in the United States.



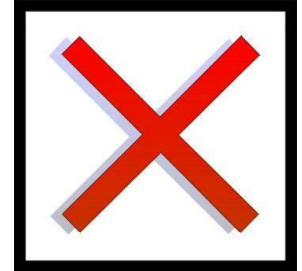
Facts:

- In Fiscal Year 2010, the Department of State issued over 6.4 million tourist and business visas
- Visa interview wait time is less than 30 days in 90% of U.S. embassies and consulates abroad
- 97% of qualified applicants receive visas within two or three days
- 36 Countries are a part of the visa waiver program



Myths About the U.S. Market

Myth: *Product liability* cases create an unfriendly U.S. business environment



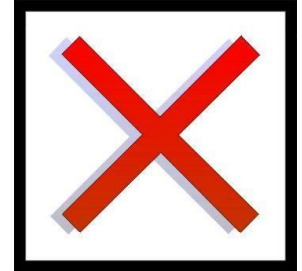
Facts:

- Campbell v. State Farm (2003) the U.S. Supreme Court ruled that punitive damages exceeding ten times actual damages are, except in rare cases, unconstitutional
- Tort reform initiatives are proceeding in several U.S. states
- 86% of U.S. companies rated their state court systems from fair to excellent



Myths About the U.S. Market

Myth: The *Foreign Corrupt Practices Act (FCPA)* is unfair to foreign firms



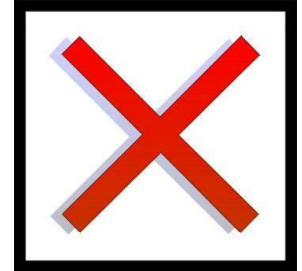
Facts:

- FCPA applies equally to U.S. and foreign firms and individuals.
- Companies that continue to act corruptly may sacrifice access to the world-leading U.S. economy
- The FCPA legislation has furthered the goals of the OECD Anti-Bribery Convention



Myths About the U.S. Market

Myth: All foreign investment in the United States is subject to undue scrutiny.



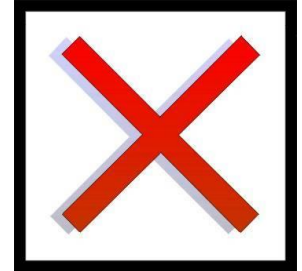
Facts:

- CFIUS has the authority under a voluntary review mechanism to review individual FDI transactions to determine their effects, if any, on national security.
- The overwhelming majority of FDI in the United States does not result in a CFIUS review.
- Where CFIUS reviews have been conducted, risk mitigation assurances are requested for only a few transactions per year



Myths About the U.S. Market

Myth: *U.S. laws and business culture* make it difficult to do business



Facts:

- According to the World Bank's "Ease of Doing Business Index," the U.S. ranks as the one of the world's best economies for doing business and ranks #5 overall
- The United States has clear rules governing business, which make for a predictable market.
- Foreign firms receive the full benefit of this transparency, as foreign and domestic firms are treated equally.



Maintaining Competitiveness



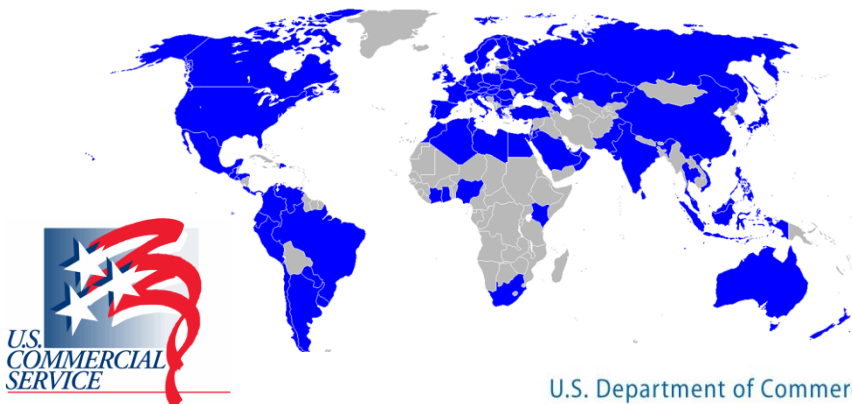
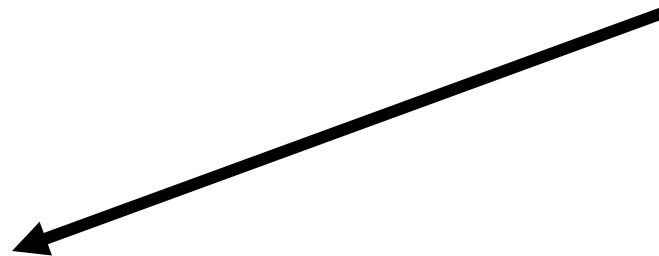
Investⁱⁿ
America

- Created March 2007
- Primary U.S. Government Mechanism to Manage Foreign Investment Promotion
- What We Do:
 1. Facilitate Business Inquiries
 2. Act as Ombudsman
 3. Connect Investors with U.S. States
 4. Provide Policy Guidance
 5. Educate Investors
 6. Provide Guidance to U.S. Economic Development Organizations

Facilitate Business Inquiries

We Answer Questions About:

- Incorporating a business in the U.S.
- Basic U.S. tax and legal concepts
- Incentives available to businesses in the U.S.
- Connect with U.S. state, city, or regional economic development offices
- Business-related visas



Invest 
America

Act as Ombudsman

Investⁱⁿ America



Connect Investors with U.S. States

Investⁱⁿ
America

Federal



**State and
Local**

Educate Investors



Guide to Federal
Incentives and Programs
Available to Investors

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2011

- Research & Development Tax Credit
- SBIR Funding Opportunities
- Renewable Energy Tax Credit
- DOE Loan Guarantee Program
- ARPA-E Funding Opportunities
- Updated Guide Available at <http://www.investamerica.gov/>
- Contact Invest in America with questions



Interdepartmental Working Group on Business-Related Visa Issues



Interacts with U.S. firms
active in int'l commerce



Interacts with foreigners
outside the U.S.



Interacts with foreigners
at entry to U.S.

Late in 2009, Commerce, State, and Homeland Security created an interdepartmental working group on business-related visa issues, which has 3 core objectives:

#1. Outreach to the U.S. business community to explain how to advise foreign business partners to apply for a visa

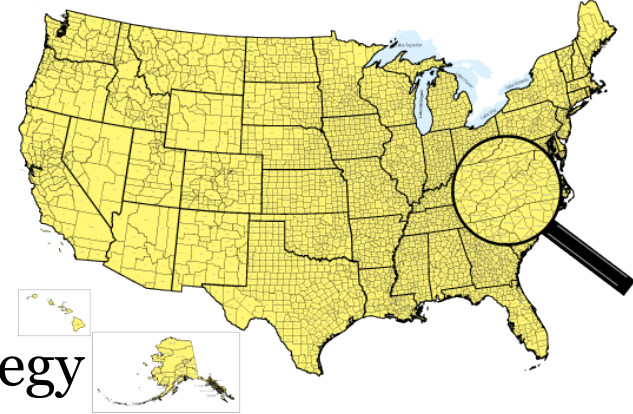
#2. Survey of the U.S. business community to gain insights on how current visa policy affects U.S. industry

#3. Dealing with business-related visa application problems as they arise on an ombudsman basis

Provide Guidance to U.S. Economic Development Organizations

Invest in America has the expertise to help EDOs:

- ✓ Develop a data-driven FDI attraction strategy
- ✓ Collaborate within their region
- ✓ Invest in an information-rich website
- ✓ Ensure foreign operations' productivity through the use of meaningful metrics
- ✓ Secure organizational funding tied to multi-year performance
- ✓ Explore additional measures, including retention and expansion or company partnerships with local universities



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